

State of California

Franchise Tax Board-Legislative Services Bureau
PO Box 1468 MS A350
Sacramento, CA 95812-1468

Telephone: (916) 845-4326
ATSS: (916) 468-4326
FAX: (916) 845-5472

Legislative Change No.

08-25

Bill Number: SBX1 28 Author: Senate Budget Committee 1st Special Session Chapter Number: 08-01

Laws Affecting Franchise Tax Board: Sections 19025, 19136.1, 19136.3, 19137, 19138, and Chapter 9.2 of the Revenue and Taxation Code

Date Filed with the Secretary of State: October 1, 2008

SUBJECT: Accelerate Estimate Payments/Eliminate Safe Harbor For Certain Taxpayers/Repeal Tax Amnesty/20% Corporate Understatement Penalty/Clarify Operative Date For LLC Fee Due Date Change.

Senate Bill X1 28 (Senate Budget Committee), as enacted on October 1, 2008, made the following changes to laws impacting the Franchise Tax Board:

Section 19025 of the Revenue and Taxation Code is amended.

This act requires that for taxable years beginning on or after January 1, 2009, the four required installments of estimated tax payments for corporations is revised from four equal payments to the following:

- 1st quarter installment- 30% of estimated tax
- 2nd quarter installment- 30% of estimated tax
- 3rd quarter installment- 20% of estimated tax
- 4th quarter installment- 20% of estimated tax

Additionally, this act requires corporate taxpayers who are not required to make an estimate payment installment in the first quarter to make the following installment payments in subsequent quarters:

- 2nd quarter installment- 40% of estimated tax
- 3rd quarter installment- 30% of estimated tax
- 4th quarter installment- 30% of estimated tax

Section 19136.1 of the Revenue and Taxation Code is added.

This act modifies IRC provisions related to estimated tax payment requirements for personal income tax filers.

Assistant Bureau Director

Patrice Gau Johnson

Date

10/21/08

Section 19136.3 of the Revenue and Taxation Code is added.

This act provides that for taxable years beginning on or after January 1, 2009, the option for individual taxpayers to make estimate payments equal to 100% of the tax shown on the taxpayer's return for the prior year is eliminated if the Adjusted Gross Income of the taxpayer shown on the return for the current taxable year exceeds \$1 million, or \$500,000 for taxpayers with a married filing separate filing status.

Section 19137 of the Revenue and Taxation Code is repealed.

This act repeals the amnesty penalty provisions enacted under AB 1452 Assembly Budget Committee (Stats. 2008, Ch. 763).

Section 19138 of the Revenue and Taxation Code is added.

This act provides for a new penalty of 20% of the understatement of tax for corporate taxpayers with understatements of tax in excess of \$1 million.

Chapter 9.2 (commencing with Section 19740) of the Revenue and Taxation Code is repealed.

This act repeals Tax Amnesty provisions enacted under AB 1452 Assembly Budget Committee (Stats. 2008, Ch. 763).

This act is effective on December 22, 2008, and, unless otherwise specified, operative as of that date.

This act will not require any reports by the department to the Legislature.